



The TANF Shortfall and Re-Examining WorkFirst

Senate Ways and Means Committee
Staff Presentation
January 18, 2005



Topics for today's work session:

1) Staff Presentation:

- WorkFirst and TANF basics.
- Caseload and funding trends.
- The current TANF shortfall.

2) OFM and Re-Examining WorkFirst:

- Governor's efforts to make improvements to WorkFirst and address the TANF shortfall.

3) Panel Discussion:

- Reactions to the Governor's proposal.



Terms we'll be using today:

- **Temporary Assistance for Needy Families (TANF):**
 - A federal/state grant program that provides cash assistance to families with children who are below 83% of Federal Poverty Level. (For 2005, a family of three must make under \$13,335/year and meet asset limits.)
 - Replaced Aid to Families with Dependent Children (AFDC), under federal legislation passed in 1996.
- **WorkFirst:**
 - Washington's TANF program, including grants, employment services, child care subsidies, etc.
 - Involves DSHS, CTED, ESD, & community and technical colleges, and OFM.
- **The "TANF Box":**
 - Includes all block grant funds used for the WorkFirst program.
 - The Legislature has allowed the Governor to manage expenditures in the box and to make WorkFirst policy.



“Welfare” then and now:

AFDC (ended 1997)	WorkFirst/TANF
<ul style="list-style-type: none">• Few or no work requirements/incentives.	<ul style="list-style-type: none">• Work or other participation required.• Initial skills assessment.• Partial earnings disregard allowed once employed.• Sanctions for non-participation.
<ul style="list-style-type: none">• Providing grants is primary function.• Little flexibility in how funding is used.	<ul style="list-style-type: none">• Flexible funding for grants, child care, case management, training, job search and support services.
<ul style="list-style-type: none">• Open-ended entitlement.	<ul style="list-style-type: none">• State has fixed block grant at 1997 level.• Five year time limit on grants with exemptions.
<ul style="list-style-type: none">• Control at federal level.	<ul style="list-style-type: none">• Control at state level.• Legislature gave management of TANF box to Governor.

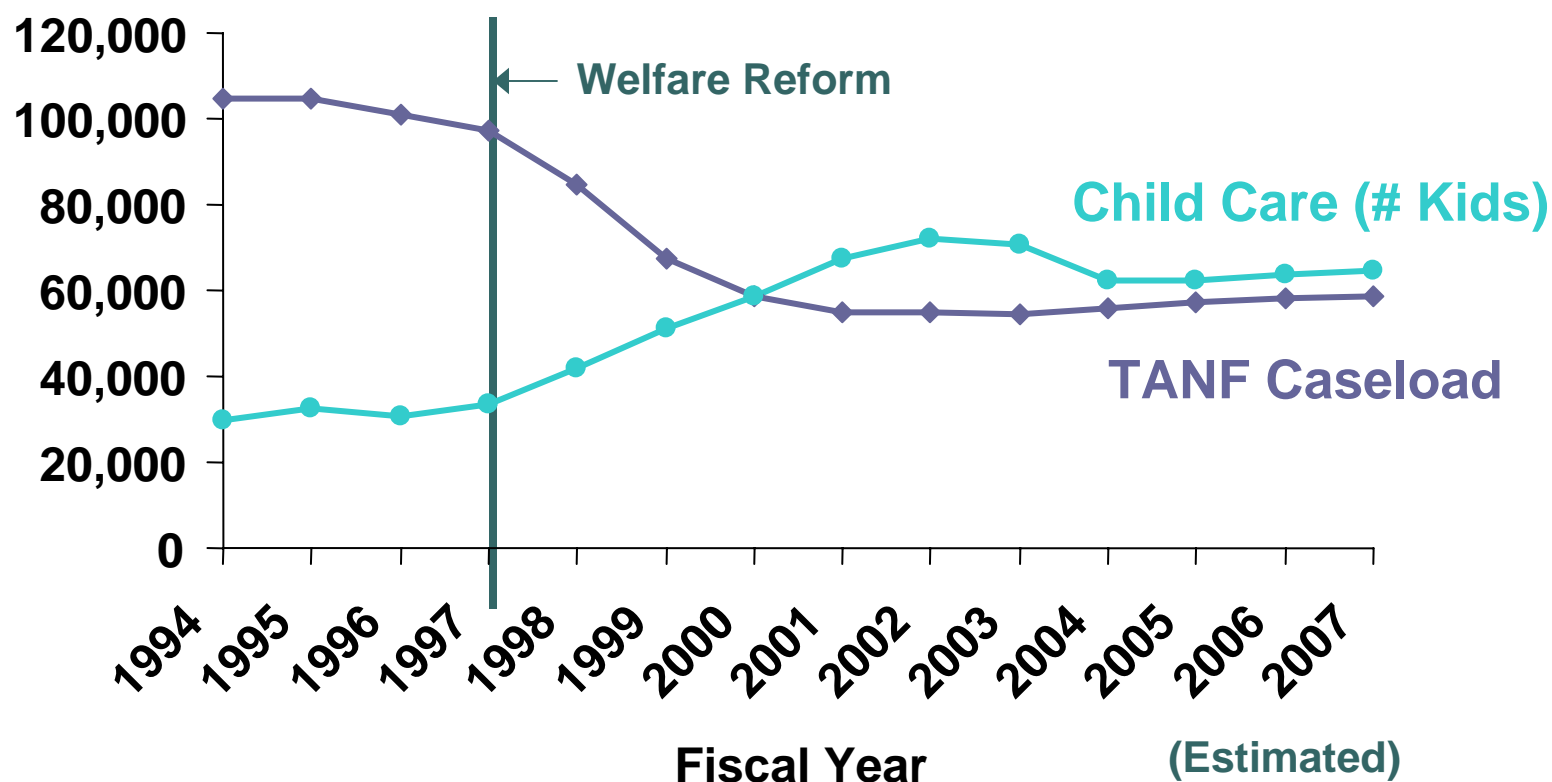


A very brief history of WorkFirst
funding and caseloads

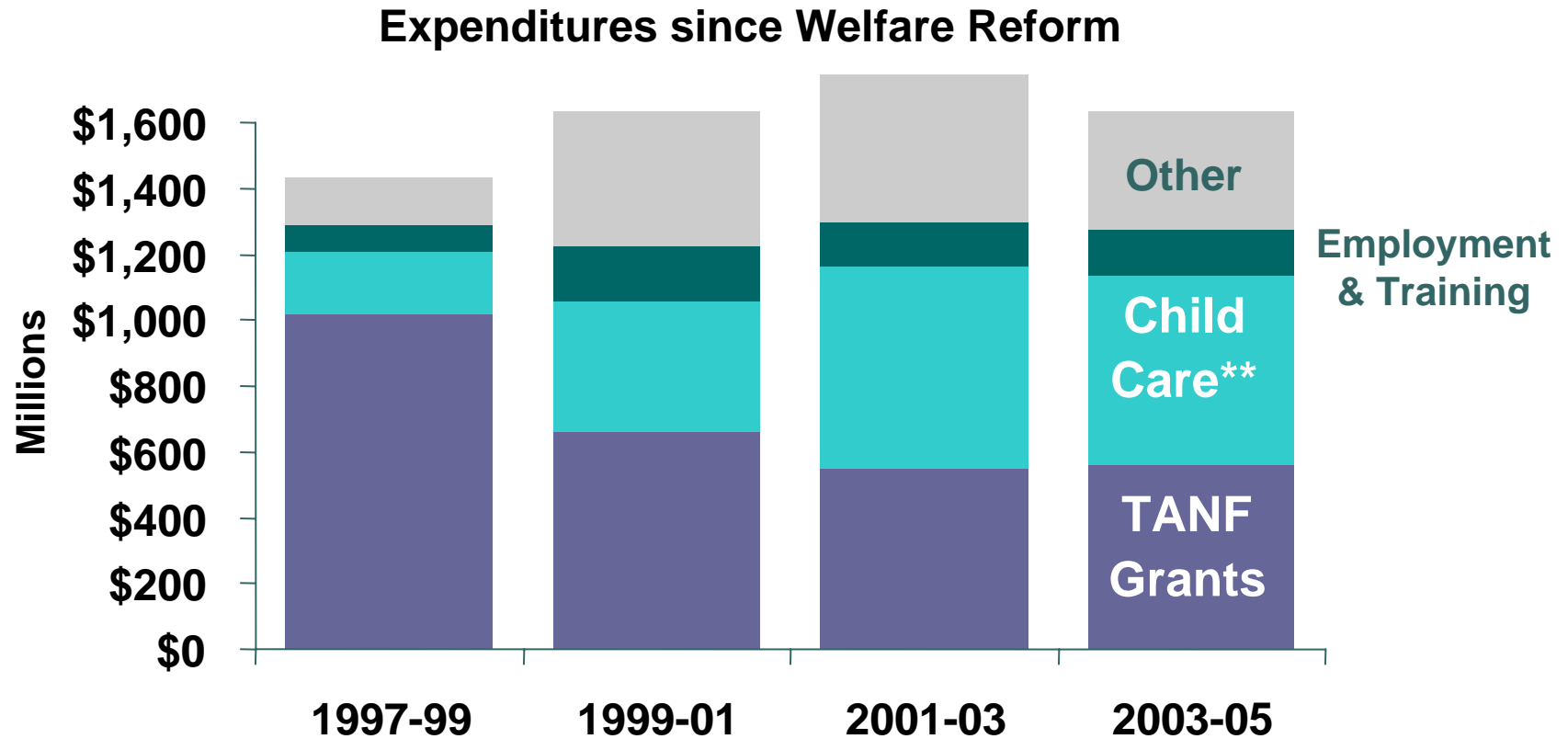


Since welfare reform, grant caseloads decreased by 45%, and the number of kids in Working Connections child care has doubled.

58% of families with Working Connections child care are low-income working families under 200% of FPL who are not TANF eligible.



- Expenditures on TANF grants have been halved.
- Expenditures on child care have tripled.



*Other includes caseworkers, tribal TANF, \$38 M in Children's Administration expenditures, DSHS indirect costs, social services for hard to serve, diversion assistance, state food assistance, and OFM Performance Team.

**Child care includes subsidies, contracts, and wage ladder. (Subsidies are over 91% of total.)



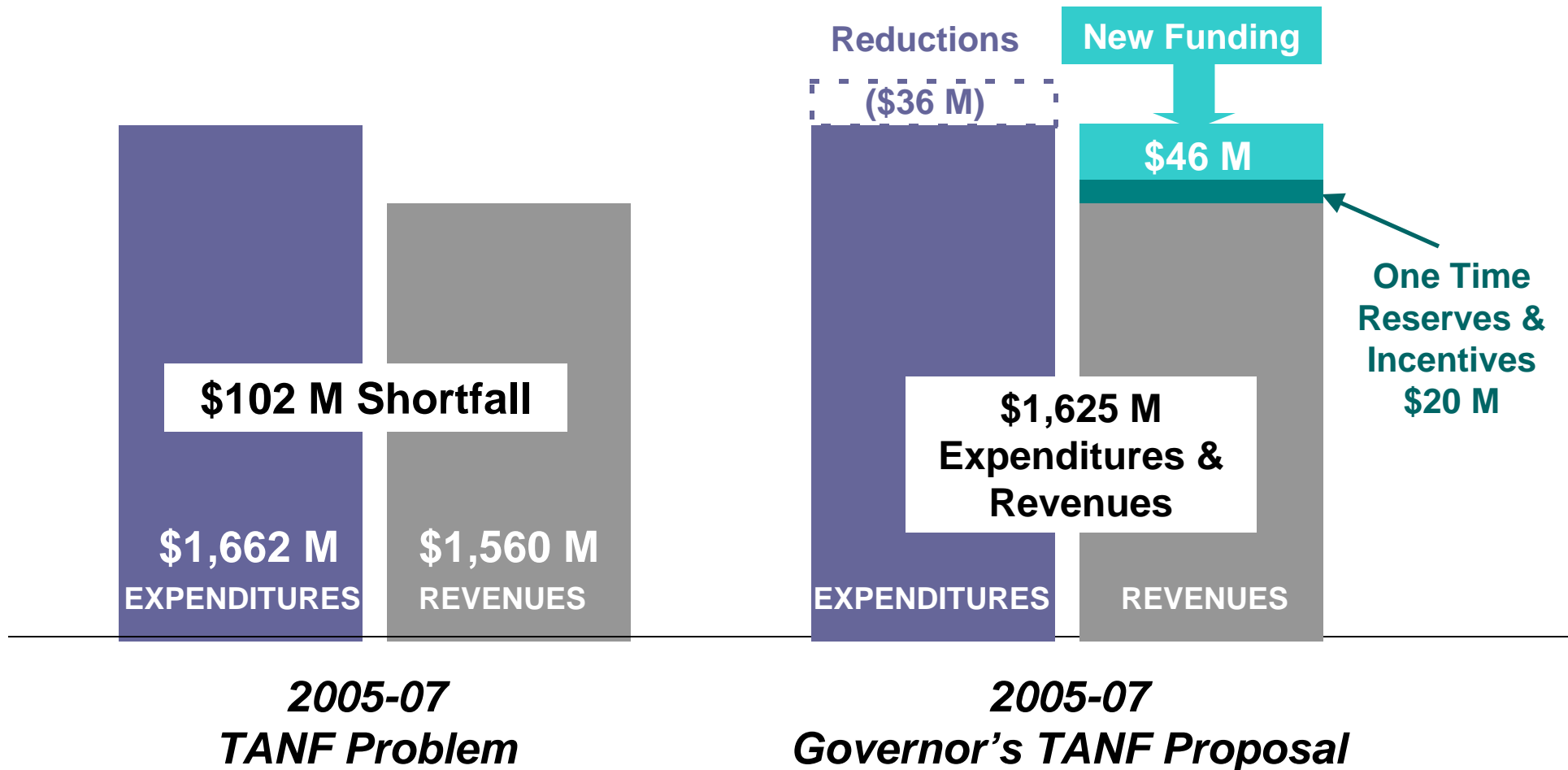
2006 is the first time a Governor has requested additional funds for the TANF box.

- The Governor has control over how the funds in the TANF box are spent:
 - When there are surpluses, the Governor can reinvest the funding.
 - When there are shortfalls, the Governor is responsible for reducing expenditures.
- Past surpluses were spent on more child care in the box and other services outside of the box.
- The real value of the fixed federal block grants has decreased over time, since it is not adjusted for inflation.

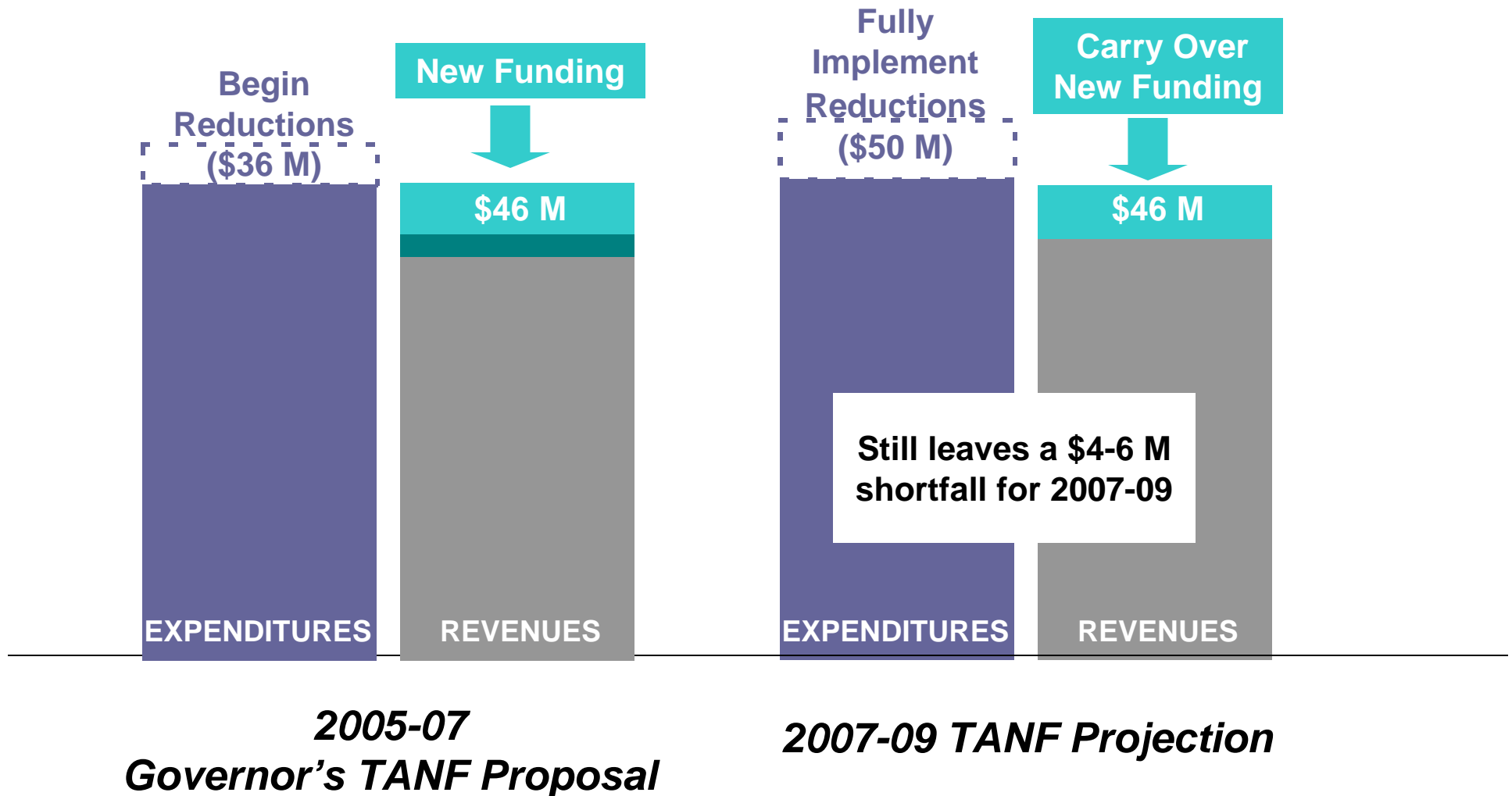


Given static revenue, increasing child care expenditures, and use of surplus funds outside the “TANF box”, a shortfall loomed on the horizon...

- The Governor proposes fixing the shortfall through a combination of reserves, reductions, and new funding.



- Balancing next biennium's WorkFirst program relies on caseload reductions beginning in FY 07.





Appendix-2005 Federal Poverty Levels

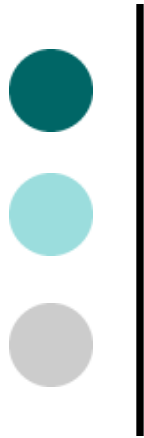
2005 Federal Poverty Level (FPL) by Family Size

Family Size	Annual Income by Percentage of Federal Poverty Level				
	83%	100%	150%	200%	250%
1	\$ 7,943	\$ 9,570	\$ 14,355	\$ 19,140	\$ 23,925
2	\$ 10,649	\$ 12,830	\$ 19,245	\$ 25,660	\$ 32,075
3	\$ 13,355	\$ 16,090	\$ 24,135	\$ 32,180	\$ 40,225
4	\$ 16,061	\$ 19,350	\$ 29,025	\$ 38,700	\$ 48,375
5	\$ 18,766	\$ 22,610	\$ 33,915	\$ 45,220	\$ 56,525
6	\$ 21,472	\$ 25,870	\$ 38,805	\$ 51,740	\$ 64,675
7	\$ 24,178	\$ 29,130	\$ 43,695	\$ 58,260	\$ 72,825
8	\$ 26,884	\$ 32,390	\$ 48,585	\$ 64,780	\$ 80,975

↑
**TANF Grant
Eligibility
Cutoff**

↑
**Subsidized
Child Care
Cutoff**

Note: 2003 median household income in Washington state was \$52,160 for a household of two people, \$57,825 for a household of three people, and \$69,000 for a household of four people, as measured by the 2004 Washington Population Survey.



Questions?